

Message Text

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PAGE 01 ATHENS 04406 01 OF 02 111858Z
ACTION EUR-12

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 L-03
ACDA-07 OMB-01 TRSE-00 EB-07 MC-02 IGA-02 CIAE-00
INR-07 SSO-00 NSCE-00 INRE-00 AID-05 /073 W
-----112032Z 023176 /45

O 111744Z MAY 77

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC IMMEDIATE 542

SECDEF WASHDC IMMEDIATE

INFO JCS WASHDC IMMEDIATE

AMEMBASSY ANKARA PRIORITY

USMISSION NATO PRIORITY

USNMR SHAPE PRIORITY

USDELMC PRIORITY

USCINCEUR PRIORITY

CINCUSNAVEUR PRIORITY

CINCUSAFE RAMSTEIN PRIORITY

USDOCOSOUTH NAPLES PRIORITY

DIRNSA PRIORITY

C O N F I D E N T I A L SECTION 1 OF 2 ATHENS 4406

EO 11652: GDS

TAGS: MARR, PFOR, GR, US

SUB: US-GREEK DEFENSE COOPERATION DISCUSSIONS: PARITY IN PROCUREMENT

REFS: (A) STATE 78011 (DTG 072002Z APR 77)

(B) 76 ATHENS 9408 (DTG 071426Z SEP 76)

(C) ATHENS 3537 (DTG 200811Z APR 77)

1. SUMMARY: ON MAY 11, GREEKS PROVIDED COUNTER-DRAFT TO PARITY IN PROCUREMENT EXCHANGE OF NOTES PROPOSED BY U.S. IN REF A. NEW TACTIC IN GREEK REDRAFT IS THEIR EXPECTATION THAT ARTICLES FROM DOD STOCKS WILL BE "SURPLUS." REDRAFT ALSO CONTAINS: (A) INCREASES AND OTHER CHANGES IN THE "FROM STOCKS" AND "NEW PROCUREMENT" CATEGORIES; (B) AN ADDDED PROVISION TO EXEMPT CURRENT PROCUREMENT OF 24 F/RF-E
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AIRCRAFT FROM R AND D AND PLANT AND ASSET USE CHARGES; (C) THE RIGHT TO PURCHASE J79-17C ENGINES THROUGH FMS IF THE 24 F/RF-4E'S ARE PROCURED THROUGH COMMERCIAL SALE; AND (D) NEW TEXT FOR PROCUREMENT CONSULTATIONS, FOR THE APPLICATION OF THE \$700 MILLION TOWARD EXISTING CONTRACTS, AND FOR THE EXTENSION OF TERMS NO LESS FAVORABLE THAN TO OTHER ALLIES. TEXT OF COUNTER-DRAFT IN PARA 2. COMMENTS IN PARA 3. ACTION REQUEST: SEE PARA 4. END SUMMARY

2. BEGIN TEXT

"EXCELLENCY,

I HAVE THE HONOR TO REFER TO THE DEFENSE COOPERATION AGREEMENT, SIGNED (BLANK) 1977 BY THE GOVERNMENT OF THE HELLENIC REPUBLIC AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND TO CONFIRM THAT DURING THE FIRST FOUR YEARS THE AFORESAID AGREEMENT IS IN FORCE, THE UNITED STATES GOVERNMENT IS PREPARED TO DO THE FOLLOWING:

(1) THE UNITED STATES GOVERNMENT WILL OFFER FOR SALE TO THE GOVERNMENT OF THE HELLENIC REPUBLIC, AT THE LOWEST PRICES CONSISTENT WITH APPLICABLE UNITED STATES LAW, THE FOLLOWING DEFENSE ARTICLES FROM AVAILABLE SURPLUS STOCKS OF THE UNITED STATES DEPARTMENT OF DEFENSE:

- AMMUNITION 105MM FOR M48A5
- 105MM TOWED HOWITZERS 36
- M109A1B 155MM HOWITZERS 11
- SPARE PARTS FOR M47-M48 TANKS
- FLOATING BRIDGE "RIBBON" 150M 3
- LIGHT TACTICAL BOAT (ALUMINUM) 46
- M611C TANK TRUCK 60
- M131A2 FUEL TANK 30
- M52 TRUCK 15
- TA-7 AIRCRAFT 6
- FOREST SHERMAN CLASS DESTROYER 3

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- GUNBOATS ASHEVILLE 2
- BARBEL CLASS SUBMARINE 2
- SUFFOLK COUNTY LST 2
- S-2E OR P-3C ASW AIRCRAFT, 8 OR 5 RESPECTIVELY
- 5"/38 PROJECTILES VT 2,000
- 5"/38 PROJECTILE CHARGES 6,000
- 5"/38 PROJECTILES AAC 6,000

DELIVERY OF THE ABOVE DESCRIBED ARTICLES WILL BE EFFECTED AS EXPEDITIOUSLY AS PRACTICABLE.

(2) THE UNITED STATES GOVERNMENT WILL ALSO OFFER FOR SALE TO THE GOVERNMENT OF THE HELLENIC REPUBLIC, AT A FAVORABLE PRICE CONSISTENT WITH APPLICABLE UNITED STATES LAW, THE FOLLOWING DEFENSE ARTICLES FROM NEW PROCUREMENT:

- ROLAND II MISSILE SYSTEMS
- MODERN FIGHTER AIRCRAFT (F-16 AND F-16B)
- CLASS BROOKE KNOX MODERN VESSEL

--TORPEDOES MK-37
--TORPEDOES MK-46
--TOW LAUNCHERS, WITH MISSILES AND SUPPORT SPARES
--HELICOPTERS, CH-47 OR CH-53
--HELICOPTERS, OH-58

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-----112033Z 023540 /45

O 111744Z MAY 77
FM AMEMBASSY ATHENS
TO SECSTATE WASHDC IMMEDIATE 543
SECDEF WASHDC IMMEDIATE
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AMEMBASSY ANKARA PRIORITY
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CINCUSAFE RAMSTEIN PRIORITY
USDOCOSOUTH NAPLES PRIORITY
DIRNSA PRIORITY

C O N F I D E N T I A L SECTION 2 OF 2 ATHENS 4406

--HELICOPTERS, UH-1H
--RADIO SETS (AN/MRC-108, PRC-74, PRC-77, GRC-160)
--TANK CONVERSION KITS M48A
--M113A1 APC AND AMPHIBIOUS LVTP7

THE TWO GOVERNMENTS SHALL CONSULT REGARDING THE SPECIFICATIONS,
QUANTITIES, PRIORITIES AND DELIVERY DATES OF THE ABOVE ARTICLES.

(3) THE UNITED STATES GOVERNMENT WILL ALSO:

(A) EXEMPT THE HELLENIC AIR FORCE FROM THE RESEARCH AND
DEVELOPMENT COST AND PLANT AND ASSET USE CHARGES RELATED TO THE 24
F/R-4E AIRCRAFT ALREADY IN THE PROCESS OF PROCUREMENT.

(B) OFFER FOR SALE THROUGH FMS 52 ENGINES J79-17C FOR

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THE AIRCRAFT UNDER (3) (A) ABOVE, IN CASE SUCH AIRCRAFT WILL BE FINALLY PROCURED DIRECTLY FROM THE CONTRACTOR.

(C) EXPEDITE THE DELIVERY OF 40 M109A1B 155MM HOW-ITZERS ALREADY UNDER PREPAID PROCUREMENT THROUGH FMS.

IT IS UNDERSTOOD THAT A PART OF THE DEFENSE SUPPORT ENVISAGED IN PARAGRAPH 2 OF ARTICLE XIV OF THE DEFENSE COOPERATION AGREEMENT MAY BE USED BY THE GOVERNMENT OF THE HELLENIC REPUBLIC TO FINANCE THE PROCUREMENT OF DEFENSE ARTICLES FROM PROGRAMS ALREADY IN THE COURSE OF REALIZATION, WITHOUT PREJUDICE TO THE TERMS OF THE EXISTING CONTRACTS, RELATED TO SUCH ARTICLES.

IT IS FURTHER UNDERSTOOD THAT THE ABOVE-MENTIONED UNDERTAKINGS OF MY GOVERNMENT ARE TO BE CARRIED OUT CONSISTENT WITH THE PURPOSES SET FORTH IN THE FIRST PARAGRAPH OF ARTICLE XIV OF THE AFORESAID DEFENSE COOPERATION AGREEMENT, ARE NOT EXCLUSIVE OF ADDITIONAL ARRANGEMENTS WHICH MAY BE MADE BY THE PARTIES PURSUANT TO THAT ARTICLE, AND ARE TO BE CARRIED OUT IN ACCORDANCE WITH, AND SUBJECT TO, THE PROVISIONS OF THAT AGREEMENT AND WITH CONTRACTUAL OBLIGATIONS AND THE GENERAL PRACTICES APPLICABLE TO ALL OTHER RECIPIENT COUNTRIES AND WILL BE UNDER TERMS NOT LESS FAVORABLE THAN THOSE ACCORDED TO OTHER ALLIED COUNTRIES.

IF THE FOREGOING IS ACCEPTABLE TO THE GOVERNMENT OF THE HELLENIC REPUBLIC, I HAVE THE HONOR TO PROPOSE THAT THIS NOTE, TOGETHER WITH YOUR EXCELLENCY'S NOTE IN REPLY INDICATING SUCH AGREEMENT, SHALL CONSTITUTE AN AGREEMENT BETWEEN OUR TWO GOVERNMENTS AND SHALL ENTER AND REMAIN IN FORCE CONCURRENTLY WITH THE AFORESAID DEFENSE COOPERATION AGREEMENT." END TEXT

3. COMMENTS: GREEK DRAFT, WHICH THEY CHARACTERIZED AS NEGOTIABLE, IS ANOTHER, SCALED-DOWN SHOPPING LIST BASED PRIMARILY ON THEIR ORIGINAL SUBMISSION (REF B; THERE ARE A FEW NEW ITEMS. ONE NOTABLE CHANGE IS IN THE STEM OF PARA (1) OF THE GREEK LIST WHERE THEY ADDED "SURPLUS" WITH THE STATED EXPECTATION THAT SOME ARTICLES
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COULD BE PROVIDED AS EXCESS MATERIAL TO AVOID HIGH REPLACEMENT COSTS. THE NEW SENTENCE AT THE END OF PARA 2 IS DESIGNED BY THE GREEKS FOR PRESENTATIONAL PARALLELISM WITH THE U.S.-TURKISH MODEL WHICH HAS SPECIFIC DELIVERY DATES FOR ACQUISITION FROM NEW PROCUREMENT. WE HAVE PASSED THE GREEK REDRAFT TO JUSMAGG FOR ANALYSIS, ESPECIALLY OF THE NEW ITEMS INVOLVED. WE TOLD THE

GREEKS WE WOULD PROVIDE USG COMMENTS AS SOON AS POSSIBLE.

4. ACTION REQUESTED: WASHINGTON COMMENTS BY OOB, MAY 14,
ON TEXTUAL CHANGES AND SPECIFIC ITEM REQUESTS IN GREEK REDRAFT.
IN REGARD TO ITEMS IN "FROM AVAILABLE SURPLUS STOCKS" CATEGORY,
SPECIFY WHICH, IF ANY, ITEMS ARE AVAILABLE FROM SURPLUS AND WHICH
ARE NOT.
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